

Message Text

SECRET

PAGE 01 CAIRO 03935 190800Z

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ACTION SS-25

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 3433

S E C R E T CAIRO 3935

EXDIS

E.O. 11652: GDS

TAGS: ECON EG

SUBJECT: EGYPT'S LIQUIDITY PROBLEM

1. WHEN MEETING WITH FAHMY TODAY, HE STATED MOST URGENT PROBLEM CONFRONTING NEW GOE IS LIQUIDITY. EGYPT NEEDS OUTSIDE ASSISTANCE FOR THIS. HE HOPED, AS PRESIDENT SADAT HAD DISCUSSED WITH VICE PRESIDENT ROCKEFELLER, THAT USG CAN HELP IN THIS REGARD. EGYPT NEEDS ABOUT \$500 MILLION A YEAR IN SHORT TERM, UNTIED ASSISTANCE FOR NEXT THREE YEARS TO ENABLE GOE IMPORT CONSUMABLES NEEDED TO MAINTAIN DOMESTIC STABILITY AND PAY SHORT TERM OBLIGATIONS. LATTER MUST BE PAID IF GOE'S CREDIT WORTHINESS IS NOT TO BE FURTHER IMPAIRED.

2. I POINTED OUT PRINCIPAL REASONS FOR UNDERSECRETARY ROBINSON'S PROPOSED VISIT WAS TO DISCUSS HOW USG MIGHT BE ABLE TO ASSIST. THE UNDERSECRETARY HAD BEEN DIRECTED BY THE SECRETARY TO SEEK TO GALVANIZE THE JOINT COMMISSIONS, AND I KNOW HE HAD GIVEN MUCH THOUGHT TO WHAT MIGHT BE DONE TO ASSIST EGYPT IN BOTH ITS SHORT TERM LIQUIDITY PROBLEM AND IN LONG TERM PROJECTS. IT WAS REGRETTABLE THAT UNDERSECRETARY ROBINSON'S VISIT HAD TO BE POSTPONED BECAUSE OF THE RECENT CABINET CHANGE, BUT FAHMY COULD BE ASSURED OUR INTEREST REMAINS.

3. FAHMY EXPRESSED THE HOPE THAT THE UNDERSECRETARY CAN RESCHEDULE A VISIT TO EGYPT IN THE NEXT TWO WEEKS. ANYTHING THE USG CAN DO TO ASSIST WITH EGYPT'S LIQUIDITY

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PROBLEM, HE EMPHASIZED, WILL BE GREATLY APPRECIATED.

EILTS

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